

PROPOSITION

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EMERGENCY MEDICAL SERVICES. FUNDING. TELEPHONE SURCHARGE. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

Emergency Medical Services. Funding. Telephone Surcharge.

Initiative Constitutional Amendment and Statute.

- Provides funding to physicians for uncompensated emergency care, hospitals for emergency services, community clinics for uncompensated care, emergency personnel training/equipment, and emergency telephone system improvements.
- Funded by addition of 3% to existing surcharge rate on telephone use within California, portions of tobacco taxes, and criminal and traffic penalties.
- Limits surcharge collected by residential telephone service providers to 50 cents per month. Monthly cap does not apply to cell phones or business lines.
- Excludes funding from government appropriations limitations, and telephone surcharge from Proposition 98's school spending requirements.

Summary of Legislative Analyst's Estimate of Net State and Local Government

Fiscal Impact:

- Increased state revenues of about \$500 million annually from an increased surcharge on telephone bills that would be used (1) to reimburse physicians and hospitals for uncompensated emergency medical care and (2) for other specified purposes. This amount would probably grow in future years.
- Continued funding of about \$32 million annually in Proposition 99 tobacco tax funds to reimburse physicians and community clinics for uncompensated medical services.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Emergency Telephone Number Surcharge

Currently, telephone service customers in California pay a monthly surcharge that supports the state's 911 emergency telephone number system. Under current law, the surcharge rate can be set up to 0.75 percent of a customer's monthly bill for telephone services for calls made within the state. The surcharge applies to each separate telephone bill a customer may receive. The state has currently set the surcharge rate at 0.72 percent.

Revenues from the surcharge are deposited into the State Emergency Telephone Number Account (911 Account), which is available for expenditure upon appropriation by the Legislature. The revenues are used to reimburse government agencies and telephone companies for equipment and related costs associated with California's 911 emergency telephone number system. Due to an increase in the number of cellular phone

accounts, the 911 Account has maintained a reserve that has ranged from \$15 million to \$80 million in recent years. The revenue received from the surcharge in 2002–03 was \$139 million. The Department of General Services and the Board of Equalization are responsible for administering the 911 Account.

Proposition 99

The Tobacco Tax and Health Protection Act (Proposition 99, enacted by the voters in 1988) assessed a \$0.25 per pack tax on cigarette products that is allocated for specified purposes. In 2004–05, the state is projected to receive approximately \$334 million in Proposition 99 revenues. Because the number of tobacco users is declining, this funding source has and will likely continue to decrease. Currently, the state utilizes Proposition 99 funding for a number of health-related purposes, including tobacco education and prevention efforts, tobacco-related disease research,